

# EXHIBIT D



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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2006

Commission File Number 0-22999

**Tarragon Corporation**

(Exact name of registrant as specified in its charter)

Nevada	94-2432628
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
423 West 55th Street, 12th Floor, New York, NY	10019
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code (212) 949-5000	
Securities registered pursuant to Section 12 (b) of the Act:	
Title of each class	Name of each exchange on which registered
Common Stock, \$.01 par value	The NASDAQ Stock Market LLC
Securities registered pursuant to Section 12 (g) of the Act:	
10% Cumulative Preferred Stock, \$.01 par value	
(Title of class)	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for



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TARRAGON CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
(Dollars in Thousands, Except Per Share Data)

	For the Years Ended December 31,		
	2006	2005	2004
Revenue			
Homebuilding sales	\$444,276	\$504,722	\$220,465
Rental and other (including \$225 in 2006, \$10 in 2005, and \$14 in 2004 from affiliates)	100,608	90,377	81,779
	<u>544,884</u>	<u>595,099</u>	<u>302,244</u>
Expenses			
Cost of homebuilding sales (including interest of \$24.2 million in 2006, \$20 million in 2005, and \$8.7 million in 2004; impairment charges of \$19 million in 2006, none in 2005 and 2004; and development salaries, marketing, and selling costs of \$23.4 million in 2006, \$22.4 million in 2005, and \$13.8 million in 2004)	396,507	394,999	175,279
Property operations	52,280	43,913	40,165
Depreciation	18,268	14,622	17,246
Provision for estimated losses	—	1,628	—
Impairment charges	2,721	—	733
General and administrative			
Corporate	33,320	21,045	16,579
Property	5,269	5,072	4,359
	<u>508,365</u>	<u>481,279</u>	<u>254,361</u>
Other income and expenses			
Equity in income of partnerships and joint ventures	17,166	29,603	15,193
Minority interests in income of consolidated partnerships and joint ventures	(4,748)	(10,071)	(5,976)
Interest income (including \$250 in 2006, \$242 in 2005, and \$332 in 2004 from affiliates)	854	995	728
Interest expense (including \$602 in 2006, \$49 in 2005, and \$12 in 2004 to affiliates)	(47,432)	(27,910)	(26,017)
Gain on sale of real estate	1,148	3,808	378
Gain (loss) on disposition of other assets	—	(300)	2,075
Loss on extinguishment of debt	(4,218)	(34,771)	(213)
Litigation, settlements, and other claims	—	(1,214)	(250)
Income (loss) from continuing operations before income taxes	(711)	73,960	33,801
Income tax (expense) benefit	(326)	(28,142)	1,689
Income (loss) from continuing operations	(1,037)	45,818	35,490
Discontinued operations, net of income taxes (\$7.6 million in 2006, \$26.2 million in 2005, and \$7 million in 2004)			
Income (loss) from operations	(141)	971	(119)
Gain on sale of real estate	12,331	41,709	10,950
Cumulative effect of change in accounting principle	—	—	(16,803)
Net income	11,153	88,498	29,518
Dividends on cumulative preferred stock	(971)	(899)	(904)



Net income allocable to common stockholders

\$ 10,182

\$ 87,599

\$ 28,614

The accompanying notes are an integral part of these Consolidated Financial Statements.